

Message Text

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PAGE 01 LISBON 07718 311654Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 EURE-00 FRB-03 OPIC-03 AID-05 SAM-01

AF-06 IO-10 AGR-05 /099 W
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P R 311615Z DEC 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 5481

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMCONSUL PONTA DELGADA

AMEMBASSY ROME

USMISSION NATO

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: FURTHER PRICE/FEE INCREASES

REF: LISBON 7685

1. ROP ENTITIES ANNOUNCED DECEMBER 30-31 FURTHER INCREASES
IN PRICES AND FEES IN CONTINUING IMPLEMENTATION OF
AUSTERITY PROGRAM.

2. PUBLIC TRANSIT AND TAXI FARES WERE RAISED BY SUBSTANTIAL
AMOUNTS, BUT STILL REMAIN AMONG LOWEST IN EUROPE. LISBON SUB-
WAY FARE RAISED 40 PERCENT TO 14 CENTS, BUSSES AND STREETCARS
BY UP TO 40 PERCENT TO MAXIMUM 24 CENTS, AND TAXIS BY 20 PERCENT.

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PAGE 02 LISBON 07718 311654Z

WORKERS' TICKETS FOR BUSSES AND STREETCARS ABOLISHED AND RE-

PLACED BY MONTHLY \$9.00 PASS. MANY INTER-URBAN BUS FARES ALSO
RAISED BY 40 PERCENT. ANNUAL TELEVISION LICENSE FEE
RAISED TO \$19-22, AND GOVERNMENT ANNOUNCED COMBINATION OF
AMNESTIES AND INCREASED PENALTIES TO INDUCE PAYMENT OF FEE.

3. COMMENT: BECAUSE OF GOVERNMENT "LEAKS," GASOLINE PRICE
INCREASE CAME ALMOST AS ANTI-CLIMAX. GOVERNMENT ALSO PRE-
PARING SIMILAR PSYCHOLOGICAL CLIMATE FOR RAISING PRICES OF
DAIRY AND MEAT PRODUCTS AND OTHER BASIC FOODSTUFFS, AND FOR
STIFF INCREASES IN SALES TAXES ON LUXURY IMPORTS. MEANWHILE,
PRICES OF SOME OTHER NON-CONTROLLED ITEMS HAVE BEEN RISING
SUBSTANTIALLY -- E.G., EGGS HAVE ALMOST DOUBLED TO AS MUCH AS
\$1.50 A DOZEN WITHIN A FEW WEEKS. THE PORTUGUESE CONSUMER
IS STARTING TO BE REALLY PINCHED, WITH MUCH MORE TO COME. IN
SPITE OF "PREPARATION," DISSATISFACTION WITH RISING PRICES IS
ALREADY EVIDENT.
OKUN

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